

AMENDED IN ASSEMBLY APRIL 23, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 2324**

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**Introduced by Assembly Member Gatto**

February 24, 2012

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An act to amend Section 2984.1 of the Civil Code, relating to vehicle sales contracts.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2324, as amended, Gatto. Vehicle sales contracts.

Existing law requires every conditional sale contract for the purchase of a motor vehicle to contain a specified statement regarding minimum public liability insurance, and a specified warning regarding coverage for the vehicle being purchased. Existing Department of Insurance regulations require a selling dealer to provide to a vehicle purchaser a specified Statement of Insurance relative to all insurance charged to the purchaser or placed upon the motor vehicle.

This bill would require the ~~contract~~ *contract* to also contain a statement that any insurance policy obtained by the dealer will not fulfill the purchaser's legal obligation ~~and would delete the warning language.~~ ~~The bill would also require the Department of Insurance to amend its regulation to provide that the requirement to provide a Statement of Insurance shall not apply to a conditional sale contract for the purchase of a motor vehicle that does not provide for the purchase of insurance from the selling dealer.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ *no*.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 2984.1 of the Civil Code is amended to read:

2984.1. Every conditional sale contract shall contain a statement in contrasting red print in at least 8-point bold type which shall satisfy the requirements of Section 5604 of the Vehicle Code and be signed or initialed by the buyer, as follows:

THE MINIMUM PUBLIC LIABILITY INSURANCE LIMITS PROVIDED IN LAW MUST BE MET BY EVERY PERSON WHO PURCHASES A VEHICLE. UNLESS OTHERWISE SPECIFIED, ANY INSURANCE POLICY OBTAINED BY THE DEALER WILL NOT FULFILL YOUR LEGAL OBLIGATION. IF YOU ARE UNSURE WHETHER OR NOT YOUR CURRENT INSURANCE POLICY WILL COVER YOUR NEWLY ACQUIRED VEHICLE IN THE EVENT OF AN ACCIDENT, OR WHETHER THAT COVERAGE IS SUFFICIENT FOR YOUR NEEDS, YOU SHOULD CONTACT YOUR INSURANCE AGENT.

*WARNING:*

*YOUR PRESENT POLICY MAY NOT COVER COLLISION DAMAGE OR MAY NOT PROVIDE FOR FULL REPLACEMENT COSTS FOR THE VEHICLE BEING PURCHASED.*

THE BUYER SHALL SIGN TO ACKNOWLEDGE THAT HE/SHE UNDERSTANDS THESE PUBLIC LIABILITY TERMS AND CONDITIONS.

s/s \_\_\_\_\_.

No person shall print for use as a sales contract form, any form that does not comply with this section.

~~SEC. 2. The Department of Insurance shall amend Section 2114 of Title 10 of the California Code of Regulations to provide that the requirements of that section shall not apply to a conditional sale contract for the purchase of a motor vehicle that does not provide for the purchase of insurance from the selling dealer.~~

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